

HOUSE BILL 239

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By: **Delegates King, Kipke, and Schuh**
Introduced and read first time: January 25, 2010
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Contracts with Automatic Renewal Clauses – Required**
3 **Notice**

4 FOR the purpose of requiring certain businesses that sell or offer to sell goods or
5 services to another business under certain contracts to provide written notice to
6 the purchasing business of a certain automatic renewal clause; requiring the
7 written notice to be provided during a certain time period and to include a
8 certain statement; providing that, if a business fails to provide the written
9 notice, the automatic renewal clause is void and unenforceable; defining certain
10 terms; and generally relating to contracts that contain automatic renewal
11 clauses.

12 BY adding to
13 Article – Commercial Law
14 Section 24–101 through 24–103 to be under the new title “Title 24. Automatic
15 Renewal Clauses”
16 Annotated Code of Maryland
17 (2005 Replacement Volume and 2009 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – Commercial Law**

21 **TITLE 24. AUTOMATIC RENEWAL CLAUSES.**

22 **24–101.**

23 **(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
24 **INDICATED.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 **(B) “AUTOMATIC RENEWAL CLAUSE” MEANS A PROVISION IN A**
2 **CONTRACT FOR THE SALE AND PURCHASE OF GOODS OR SERVICES THAT STATES**
3 **THE CONTRACT WILL RENEW AUTOMATICALLY AT THE END OF THE INITIAL**
4 **TERM FOR AN ADDITIONAL SPECIFIED TERM OF 1 MONTH OR MORE UNLESS THE**
5 **PURCHASER OF THE GOODS OR SERVICES CANCELS THE CONTRACT BEFORE A**
6 **SPECIFIED DEADLINE.**

7 **(C) “BUSINESS” MEANS A SOLE PROPRIETORSHIP, PARTNERSHIP,**
8 **CORPORATION, ASSOCIATION, OR ANY OTHER BUSINESS ENTITY, WHETHER OR**
9 **NOT ORGANIZED TO OPERATE AT A PROFIT.**

10 **24-102.**

11 **(A) A BUSINESS THAT SELLS OR OFFERS TO SELL ANY GOODS OR**
12 **SERVICES TO ANOTHER BUSINESS UNDER A CONTRACT THAT HAS A SPECIFIED**
13 **TERM OF 12 MONTHS OR MORE AND CONTAINS AN AUTOMATIC RENEWAL**
14 **CLAUSE SHALL NOTIFY THE PURCHASING BUSINESS IN WRITING OF THE**
15 **AUTOMATIC RENEWAL CLAUSE.**

16 **(B) THE WRITTEN NOTICE REQUIRED UNDER SUBSECTION (A) OF THIS**
17 **SECTION SHALL:**

18 **(1) BE PROVIDED TO THE PURCHASING BUSINESS NO LESS THAN**
19 **90 DAYS AND NO MORE THAN 120 DAYS BEFORE THE CANCELLATION DEADLINE**
20 **SPECIFIED IN THE AUTOMATIC RENEWAL CLAUSE; AND**

21 **(2) INCLUDE A STATEMENT THAT, UNLESS THE PURCHASING**
22 **BUSINESS CANCELS THE CONTRACT, IT WILL RENEW AUTOMATICALLY.**

23 **24-103.**

24 **IF A BUSINESS FAILS TO PROVIDE WRITTEN NOTICE OF AN AUTOMATIC**
25 **RENEWAL CLAUSE UNDER § 24-102 OF THIS TITLE, THE AUTOMATIC RENEWAL**
26 **CLAUSE IS VOID AND UNENFORCEABLE.**

27 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
28 **October 1, 2010.**